

Leadership Keys, Inc.

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January 25, 1982

Mr. L.R. Greger, Acting Chief
Technical Inspection Branch
United States Nuclear Regulatory Commission
Region III
799 Roosevelt Road
Glen Ellyn
IL 60137

Dear Mr. Greger:

Re: Your December 30, 1981 Notice of Violation

The subject letter was post marked January 4, 1982 and was delivered to us on January 6, 1982. We are answering within 20 days as you require.

Written Statement or Explanation:

In January 1981 we made contact with US customs specialist Howard Renaud in Detroit by telephone. We gave a complete description of our proposed importation of the subject tritium gunsights. We told him that the gunsights contained radio-luminous lamps like those used in some watches. He gave us the duty rate and said that they would be classified as sporting rifle scopes. We specifically asked about the lamps, and he said that he was sure that his classification was binding.

We also contacted the local office of the Bureau of Alcohol, Tobacco and Firearms. They told us that they had no requirement, and as far as they knew, no other Federal agency was involved.

In February 1981 we began with the importation of 12 gunsights. We began our first advertising in April 1981. The first interstate sale was in that same month.

In May 1981, a potential customer in California asked us about the similarity with a gunsight called SinglePoint which had a betalight in it. This conversation led us to telephone Mr. Howard Renaud again, concerning our importation of gunsights which had radio-luminous lamps inside. He was a little perturbed at our lack of satisfaction with his original determination, but he offered to write to New York to get a clarification. He later obtained the clarification in August 1981 in the form of an internal memo which stated that "no other federal agency is interested".

In the mean time, we had made some other inquiries through the manufacturer in South Africa, thence to the supplier in England and finally to the US office of Saunders-Roe. By this time we realized that other agencies, namely yours, were involved. We telephoned your office and obtained copies of some of the regulations. At first we did not ask for all the correct PARTS, and had to request more. We studied, consulted and finally determined that we should apply for an NRC license. The concept, "Just like a tritium watch which is freely available" had given us a false understanding.

We immediately began to conduct studies and run tests in order to apply for an NRC license. On September 15, 1981 we obtained copies of other pertinent licenses. On September 23, 1981 we filed our application for a license. In our application, under "Statement of purpose" we asked if we could continue to operate on an interim "license applied for basis". The form that we gave to your Mr. Lusak on November 4, 1981 contained words to that effect.

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Mr. L.R. Greger

We believe that we showed considerable dilligence in determining the need for and executing an application for an NRC licnese. We have complied with your Confirmatory Action Letter of November 13, 1981. This has placed significant financial strain on us since our capital loan is at an interest rate of 21%, and we have to keep up the payments. All of our advertising had been placed and could not be cancelled. We had to reply to prospective customers at considerable postage costs.

Corrective Steps:

We have applied for and received an NRC license, number 21-19874-01. As part of this license we now provide to prospective purchasers the attached "INSTRUCTIONS" and "REGULATIONS" forms, which forms are also included with each gunsight sold to the general licensee. We intend to limit future sales to those persons who qualify under a general license.

Attachment:

We have extracted from our records the attached list of the names and addresses of persons to whom we shipped gunsights. Some persons purchased more than once. The total quantity is noted. The list is as exhaustive and accurate as we can glean from our records.

Yours truly,

Glyn A.J. Bindon
President